

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SAJ-01 OMB-01 EB-07 COME-00 TRSE-00

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TO SECSTATE WASHDC IMMEDIATE 5075

INFO DIA WASHDC

USMISSION NATO

AMCONSUL MILAN

AMCONSUL NAPLES

USCINCEUR VAIHINGEN GERMANY

C O N F I D E N T I A L ROME 0450

E.O. 11652: GDS

TAGS: PINT, IT

SUBJECT: THE GOVERNMENT CRISIS: THE PRESIDENTIAL  
CONSULTATIONS BEGIN

REF: (A) ROME 0372 (B) ROME 0363

SUMMARY: PRESIDENT LEONE BEGAN TWO DAYS OF RITUALISTIC CONSULTATIONS TODAY PRIOR TO CONFERRING THE MANDATE TO FORM A NEW GOVERNMENT. DC IS EXPECTED TO NOMINATE MORO AS ITS CANDIDATE FOR FORMATEUR. MEANWHILE THE DC AT ITS JANUARY 9 DIRECTORATE MEETING UNANIMOUSLY DECLARED ITSELF AGAINST INVOLVING THE COMMUNISTS DIRECTLY OR INDIRECTLY IN THE GOVERNMENT'S MAJORITY. THE COMMUNISTS (PCI) AT THEIR JANUARY 9 DIRECTORATE MEETING STATED THAT THEY MUST EITHER BE PART OF THE GOVERNMENT OR WILL REMAIN IN THE OPPOSITION. THE REPUBLICANS IN TURN HAVE DECIDED TO "STAND AT THE WINDOW" AND SEE WHAT THE OTHERS DO FIRST. THE PSI IS UNHAPPY WITH ALL THESE POSITIONS; THEY ARE LEFT WITH LITTLE GROUND IN WHICH TO MANEUVER.

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SUMMARY OF RESULTS OF DC AND PCI DIRECTORATE MEETINGS FOLLOWS:

END SUMMARY.

1. DC DIRECTORATE MET JANUARY 9 AND UNANIMOUSLY APPROVED SPEECH OF PARTY SECRETARY ZACCAGNINI SETTING FORTH POLICY TO BE FOLLOWED BY DC PARTY DELEGATION (ZACCAGNINI, PICCOLI AND BARTOLOMEI) IN NEGOTIATIONS ATTEMPTING TO RESOLVE CRISIS. DC POLICY APPROVED BY DIRECTORATE INVOLVES REITERATION OF PREVIOUS DC POSITIONS IN NON-POLEMICAL MANNER DESIGNED TO SHOW MAXIMUM DEGREE OF RESPONSIBILITY IN FORTHCOMING CRISIS NEGOTIATIONS.

(A) CAUSE OF CRISIS -- ZACCAGNINI MADE CLEAR DC DISAGREEMENT WITH MODE AND TIMING OF CRISIS AND BELIEF THAT IT COULD HAVE BEEN AVOIDED BY "FRANK AND LOYAL" DISCUSSIONS WITH PSI. ZACCAGNINI EMPHASIZED THAT DC HAS SOUGHT SINCE FORMATION OF TWO-PARTY MORO GOVERNMENT TO CREATE CONDITIONS FOR BRINGING IN PSI.

(B) OPPOSITION TO EARLY ELECTIONS -- ZACCAGNINI STATED "FIRM OPPOSITION" OF DC TO PREMATURE DISSOLUTION OF PARLIAMENT AND CONSEQUENT EARLY ELECTIONS. DC, HE SAID, HAS SOUGHT TO AVOID SUCH A DEVELOPMENT WHICH WOULD "RADICALIZE" POLITICAL STRUGGLE IN ITALY.

(C) NEW GOVERNMENT BASED ON FOUR-PARTY MAJORITY -- ZACCAGNINI CALLED FOR "BASIC ACCORD" AND "OPERATIVE COLLABORATION" WITH PSI IN CONTEXT OF COLLABORATION WITH ALL POLITICAL FORCES WHICH MADE UP PREVIOUS COALITION (I.E., PSI, SOCIAL DEMOCRATS, REPUBLICANS AND DC). THIS COLLABORATION WILL BE EFFECTIVE IN PROPORTION TO WILLINGNESS OF THESE PARTIES TO PARTICIPATE DIRECTLY IN GOVERNMENT. ZACCAGNINI CAREFULLY AVOIDED TERM "CENTER-LEFT" (FORMULA WHICH PSI HAS REPEATEDLY PRONOUNCED DEAD) IN DESCRIBING THIS DESIRED COALITION.

(D) RELATIONS WITH PCI -- ZACCAGNINI STATED FIRMLY THAT DC "IS NOT AVAILABLE FOR OPERATIONS WHICH TEND TO INVOLVE COMMUNIST PARTY DIRECTLY OR INDIRECTLY IN THE RESPONSIBILITY OF THE MAJORITY." HOWEVER, HE REITERATED "CONFRONTO" (COMPETITIVE DIALOGUE) POLICY WHICH PERMITS "CONTRIBUTIONS" OF OPPOSITION TO BE EVALUATED AND, ON OCCASION, ACCEPTED BY GOVERNING

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MAJORITY, PROVIDING OPPOSITION AND MAJORITY ROLES ARE KEPT CLEARLY DISTINCT.

(E) ECONOMIC POLICY -- ZACCAGNINI TERMED ECONOMIC POLICY AS THE "FUNDAMENTAL THEME" OF THE CRISIS. HE REITERATED DC WILLINGNESS TO DISCUSS "ANY REASONABLE CHANGE" IN GOVERNMENT'S ECONOMIC PROGRAM. HE ALSO POINTEDLY REMINDED PSI THAT "FUNCTION OF CONTROL AND PARTICIPATION" IN ADMINISTERING PROPOSED

DOLS 34 BILLION PROGRAMS FOR INDUSTRIAL RESTRUCTURING AND SOUTHERN DEVELOPMENT CAN BEST BE ASSURED TO A PARTY (PSI) WHICH PARTICIPATES DIRECTLY IN THE GOVERNMENT.

2. WELL-PLACED DC MORO FACTION SOURCE TOLD EMBOFF JANUARY 10 THAT UNLESS PSI WILLING TO DROP DEMAND FOR PCI ASSOCIATION TO GOVERNMENT, EARLY ELECTIONS WILL BE INEVITABLE. TERMING DC POSITION IN CRISIS "CLEAR AND DIGNIFIED," SOURCE INDICATED THAT DC COULD NOT AFFORD TO LET CRISIS DRAG OUT TOO LONG. WHILE AVOIDING FIRM PREDICTIONS, HE INDICATED THAT IF EXPECTED ATTEMPT BY MORO TO FORM NEW GOVERNMENT FAILS, RISK OF EARLY ELECTIONS WILL INCREASE. RISK WILL BECOME HIGH PROBABILITY IF SUCCESSIVE ATTEMPT BY DC LEADER LIKE ANDREOTTI ALSO FAILS. RATHER THAN PERMIT CRISIS TO CONTINUE FURTHER, HE SUGGESTED, DC MIGHT RATHER FACE LESSER EVIL OF EARLY ELECTIONS.

3. PCI DIRECTORATE -- IN A STATEMENT RELEASED AT THE CONCLUSION OF ITS JANUARY 9 DIRECTORATE MEETING, THE PCI CLEARLY SERVED NOTICE THAT IT WILL NOT TAKE A HALF A LOAF IN TERMS OF ITS RELATIONSHIP TO A NEW GOVERNMENT. REJECTING THE PSI CALL FOR A PCI APPORTO (CONTRIBUTION) TO A NEW GOVERNMENT, THE COMMUNISTS STRESSED THAT THE RESULTS OF THE JUNE 15 ELECTIONS MARKED THE END OF THE CENTER-LEFT FORMULA WHICH SHOULD BE SUCCEEDED BY AN ENTIRELY NEW GOVERNING COALITION REQUIRING PCI PARTICIPATION. IF SUCH A FRAMEWORK FOR A NEW GOVERNMENT IS NOT REACHED, THE PCI, THE STATEMENT CONTINUES, INTENDS TO REMAIN IN THE OPPOSITION.

4. PREDICTABLY THE PCI STATEMENT STRESSED THE THEME OF NATIONAL RESPONSIBILITY WHICH HAS BEEN IN THE FOREFRONT OF THE PCI'S TACTICS SINCE THE JUNE 15 ELECTIONS. THE DIRECTORATE NOTED THAT IT OPPOSED THE IDEA OF A CRISIS AT THIS JUNCTURE, AND URGED THAT FOR THE GOOD OF THE COUNTRY A RESOLUTION OF CONFIDENTIAL

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THE CURRENT GOVERNMENT IMPASSE BE FOUND AS QUICKLY AS POSSIBLE. FINALLY, THE PCI AGAIN REITERATED ITS OPPOSITION TO EARLY NATIONAL ELECTIONS.

5. DEMARTINO PERSONIFIED THE DEFENSIVENESS OF PSI CURRENT POSITION IN A WIDELY REPORTED PRESS CONFERENCE FOR FOREIGN JOURNALISTS JANUARY 9. HE REAFFIRMED THE DEMAND TO ASSOCIATE THE PCI TO THE GOVERNMENT IN SOME WAY, BUT IN THE MOST MODERATE TERMS. EMERGING SOCIALIST COUNTER STRATEGY SEEMS TO BE TO AGREE ON AN ECONOMIC PROGRAM IN YET ANOTHER DIRECTORATE MEETING JANUARY 13, AND PROPOSE IT AS A BASIS FOR NEGOTIATION. VOLPE

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